

## SUMMARY OF HEALTH CARE REFORM LEGISLATION

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Health care costs are skyrocketing, crippling families and businesses, weighing down our economy and causing our national debt to balloon. New health care reforms are designed to protect consumers against insurance company abuse and make health care more affordable for middle class families, seniors and small businesses.

One centerpiece of the plan is major **tax breaks for individuals and small businesses** so they can better afford health insurance.

Another major provision is the creation of insurance exchanges, online marketplaces on which private insurance companies will compete for the business of individuals and small businesses. By creating greater competition, and by allowing individuals and small businesses to join together to purchase insurance in larger pools, insurance will be more affordable. If you lose your job or want to start your own business and lose your employer provided health coverage, you can purchase health care on this exchange and will be provided affordability credits if you have trouble affording it. **Members of Congress already purchase their coverage on an exchange now; the new legislation will mean that other Americans can purchase their coverage on the same exchanges as Members of Congress.**

For seniors, the bill strengthens Medicare by making **preventive services free, closing the prescription drug “donut hole”** to reduce drug costs and cutting down on waste, fraud and abuse to **extend the solvency of Medicare 9 years.**

Finally, the bill includes **new consumer protections**, such as prohibiting insurance companies from denying care with preexisting conditions, dropping people who get sick and ending annual or lifetime benefit limits. It will also outlaw egregious discrimination based on gender or age. It will also allow young adults to remain on their parents coverage until age 26.

A more detailed summary of the bill follows:

### New Insurance Company Reforms

- Bars insurance companies from discriminating against individuals based on pre-existing conditions
- Prohibits egregious gender and age rating discrimination
- Eliminates annual and lifetime benefit limits
- Allows children to stay on parents coverage until age 26

- Establishes state consumer offices to help with the filing of insurer complaints and appeals.
- Ensures consumers in new plans have access to an effective internal and external appeals process to appeal decisions by their health insurance plan.
- Eliminates cost-sharing for recommended preventive care for all plans

#### Making Health Coverage more Affordable, before 2014

- Creates a new high risk pool for uninsured Americans with pre-existing conditions
- Creates a temporary reinsurance program for early retirees (age 55-64) that will help them retain their former employer health coverage by giving incentives to businesses
- Creates a voluntary long term care insurance program that provides a lifetime cash benefit for long-term support services. “CLASS” is a self-funded insurance program provided through the workplace. For those whose employers participate, affordable premiums will be paid through payroll deductions. Participation by workers is entirely voluntary. The Congressional Budget Office confirms that the program, which has been revised from earlier versions, is actuarially sound.
- Invests in Community Health Centers to expand access to health care in low-income and low-access communities
- Allows states to increase Medicaid to 133 percent of the Federal Poverty level at their discretion
- Maintains current funding levels for the Children’s Health Insurance Program (CHIP) through fiscal year 2015
- Increases payments to primary care doctors in Medicaid, to help ensure they can continue to afford to see Medicaid patients

#### Making Health Coverage More Affordable after 2014—The Insurance Exchanges

- An exchange is a competitive marketplace where individuals and small businesses can buy affordable health care coverage from private companies in a manner similar to that of big businesses today
- Members of Congress already purchase their coverage on an exchange now; the new legislation will mean that other Americans can purchase their coverage on the same exchanges as Members of Congress
- Exchanges provide consumers a one-stop shopping experience that promotes choice and competition
- Health coverage options available in a zip code will be listed on state-based web portals and elsewhere. Using the Internet and other means to present consumers with available plans will make purchasing health insurance easier and more understandable.
- Individuals and businesses will be able to choose coverage among several benefit packages all including an essential set of benefits that provide comprehensive health care services with different levels of cost sharing

- Individuals who do not receive coverage through an employer will be able to shop on the exchange when it opens in 2014. In some cases, if an employee can demonstrate an employer plan is unaffordable they may be eligible for a voucher or tax credit to shop on the exchange instead
- Small businesses with under 100 employees will be able to shop on the exchange when it opens in 2014. In later years, larger employers will be able to enter the exchange.
- Members of Congress and their staffs will be required to purchase coverage on the exchange.

#### Tax Breaks to Help Purchase Insurance Coverage

- Low and middle income Americans who do not receive an employer plan will receive tax credits to help them purchase health coverage in the exchange. Tax credits are available on a sliding scale for families whose incomes fall between 133% and 400% of the Federal Poverty Line. 400% of the FPL is about \$88,000 for a family of four.
- Immediately starting in 2010, small businesses with less than 25 employees and average annual wages of less than \$50,000 that purchase health insurance for employees will receive a tax credit worth 35% of the employer's contribution. Approximately 22,500 small businesses in the 9<sup>th</sup> district will benefit from these tax credits.
- In 2014 and beyond, small businesses that purchase coverage in the exchange will receive a tax credit of up to 50% of the employer's contribution toward the employee's health insurance premium if the employer contributes at least 50% of the total premium cost.

#### Strengthening Medicare

- Provides new, free annual wellness visits, and eliminates out-of-pocket copayments for preventive benefits under Medicare, such as cancer and diabetes screenings.
- Fills the Medicare prescription drug donut hole. In 2010, Medicare beneficiaries who go into the donut hole will receive a \$250 rebate. After that they will receive a pharmaceutical manufacturers' 50% discount on brand-name drugs, increasing to a 75% discount on brand-name and generic drugs to close the donut hole by 2020.
- Adds at least nine years to the solvency of the Medicare trust fund.
- Provides better chronic care, with doctors collaborating to provide patient-centered care for the 80% of older Americans who have at least one chronic medical condition like high blood pressure or diabetes.
- Improves Medicare payments for primary care which will protect access to these vital services.
- Reforms the payment system for private Medicare Advantage plans. Medicare currently overpays private plans by an average of 14 percent. This legislation

reins in those overpayments to inefficient insurers, while rewarding efficient plans with bonus payments to ensure a fair payment system that rewards quality.

- Encourages reimbursing health care providers on the basis of value, not volume. The bill includes a number of proposals to move away from the “a la carte” Medicare fee-for-service system toward paying for quality, value and better health while reducing costs for America’s seniors.
- The bill saves Medicare by improving payment accuracy to ensure that the right amount is paid, and expands funding and authority to fight waste, fraud and abuse.
- The legislation strengthens existing compliance and enforcement tools for Medicare, increases funding to support these efforts and creates new, tougher penalties for individuals who submit false claims to Medicare. The Congressional Budget Office (CBO) has estimated that for every \$1 we invest in fighting waste, fraud, and abuse we will produce \$1.75 in savings.

#### Promoting Prevention and Public Health

1. Promotes preventive health care at all ages and improves public health activities that help Americans live healthy lives and restrain the growth of health care costs over time.
2. Improves education on disease prevention and public health, and invests in a national prevention and public health strategy.
3. Invests in scholarship and loan repayment programs through the National Health Service Corps to expand the health care workforce.
4. Provides incentives for primary care practitioners and for providers to practice in underserved areas.
5. Eliminates cost sharing for preventative care for all plans

#### Deficit Reduction

1. The Congressional Budget Office estimates health care reform legislation will reduce the deficit by \$142 billion over ten years, and more than \$1.2 trillion in the next ten years.